

A Work Project, presented as part of the requirements for the Award of a Master Degree in Finance from the NOVA School of Business and Economics

IC PAPER ON ELEKTA AB: POWER OF PROTON SOLUTIONS IN RADIOTHERAPY MARKET

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41212

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Abstract

The following Investment Committee paper focuses on a proposal for a leveraged buyout on Elekta AB, a key player in the global radiotherapy market which sells in more than 120 countries. In fact, this paper develops a set of value creation strategies, with special focus on Buy-and-Build, based on company and market analysis, reflecting those strategies in a detailed operating model. Subsequently, a capital structure is suggested by assessing past buyout transactions in the healthcare sector and by leveraging the bank case. Finally, the exit returns are estimated complying with industry threshold and a range of exit strategies are analyzed.

Keywords: Cancer Treatment, Proton Therapy, Private Equity, Investment Thesis

Disclaimer: This Work Project was prepared by a group of students from Nova School of Business and Economics as the Master's Thesis for the Master in Finance Program. We, hereby, pledge on our honor that the work presented is ours and that none dishonest method was used in its execution. Furthermore, we declare that this Work Project is intended to be used for academic purposes only. Therefore, we restrain ourselves from taking any responsibility from the wrong usage of the content presented, namely any investment or legal action taken grounded on it.

This Work Project was developed using publicly available data and information provided by the company (i.e., annual reports, investor relations, presentations, etc.). The sources of the information are disclosed when appropriated.

This Work Project is divided into three complementary parts. For an integral analysis of the Work Project please see the remaining two parts named “APAC’s influence in the future of Radiotherapy Market” and “Mitigation of Structural Differences in Cancer Treatment”

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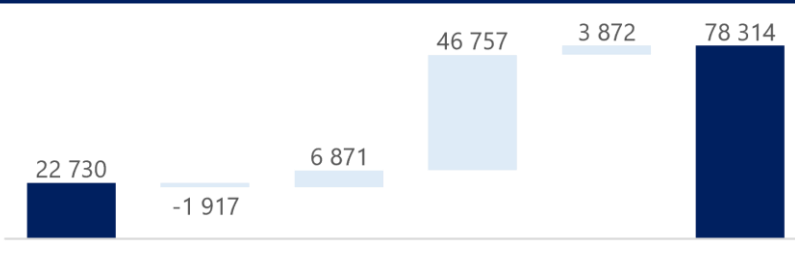
GROUP SECTION

Elekta seems to be an exciting investment opportunity yielding an investors' return of 3.14x

COMPANY PROFILE	Financials	2020	2021F	2022F	2023F	2024F	2025F	DEAL RATIONALE
Elekta AB is a Swedish manufacturer of radiotherapy medical equipment. Its products and aftermarket services are sold to both public and private sector;	Organic Sales	14,601	14,722	19,506	22,571	24,214	26,390	1 Acquisition history
	% growth	-	1%	32%	16%	7%	9%	Strategic value-adding acquisitions allowed Elekta to become a key player in radiotherapy market
	Org EBITDA	2,921	3,088	4,170	4,814	5,280	5,886	2 Brand Prestige and Market Leadership
Its product portfolio consists of linear accelerators, magnetic resonance imaging linear accelerators (MR-Linacs), brachytherapy, oncology informatic solutions (OIS) and neurosolutions;	Inorg Sales	N/A	0	3,134	4,839	5,584	6,018	Elekta is distinguished by its efficiency and has reached a leading position in emerging markets
	% growth	-	-	-	54%	15%	8%	3 Sizeable and Growing Market
	HCG	0	0	3,134	3,302	3,887	4,144	Optimistic industry growth prospects, since cancer incidence is increasing globally (underserved)
	IBA	0	0	0	1,537	1,697	1,874	4 Strong Cash-Flow Generation
Elekta provides a range of quality services that include maintenance, updates, training, among others;	Inorg EBITDA	N/A	0	275	634	784	892	Free Cash Flow generated by the company is robust and has been stable over the past few years
	EBITDA	2,921	3,088	4,445	5,449	6,065	6,778	
With an emphasis in customization, Elekta has been one of the main leaders in the radiotherapy market.	% mg	20%	21%	20%	20%	20%	21%	

INDUSTRY PROFILE
Radiotherapy is one of the main types of cancer treatment. With cancer incidence expected to increase until 2040, significant investments have been made in the oncology market;
Accordingly, the radiotherapy market is expected to increase at a CAGR of 7.3% until 2029, from a \$6.6B value in 2019;
This growth will be mainly driven by innovations in the sector (namely MR-Linacs and OIS), and the increasing demand for radiotherapy, as 60% of cancer patients are expected to need it.

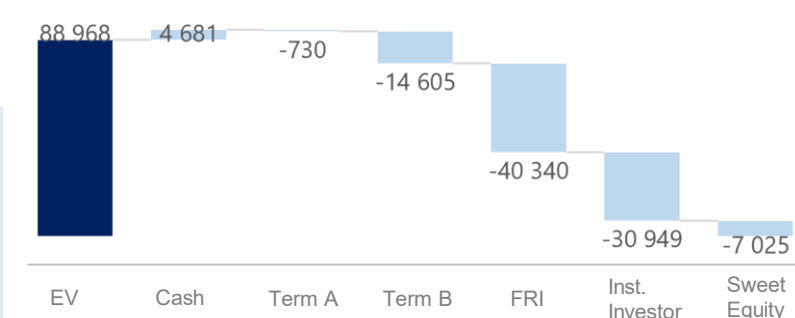
VALUE CREATION & EXIT AND RETURNS



Category	Value (SEK)
Entry Equity	22,730
Fees	-1,917
Deleveraging	6,871
Revenue	46,757
EBITDA mg	3,872
Exit Equity	78,314

- It is expected that the increase in revenues and the improvement of EBITDA margin, will create SEK 50,629M of value;
- With the deleveraging effect, the investment will generate SEK 57,500M of value.

- The fund will generate a combined return of 3.45x in five years (IRR of 28.07%);
- Institutional investors and managers will have returns of 3.14x and 136.1x respectively.



Category	Value (SEK)
EV	88,968
Cash	-4,681
Term A	-730
Term B	-14,605
FRI	-40,340
Inst. Investor	-30,949
Sweet Equity	-7,025

COMPANY PROFILE

- Founded in 1972, its headquarters are located in Stockholm, Sweden. It has been **listed in the OMX Nordic Exchange** since 1994 and currently **employs more than 4,000 people**;
- ELEKTA is one of the key players in the **global radiotherapy market**, providing radiotherapy equipment in order to treat different types of cancer and brain disorders;
- The company **sells both to the public and private sector** (hospitals, private clinics) in more than 120 countries;
- Elekta has a **wide range of suppliers** – 80% of sourced products/services come from approximately 450 suppliers. **In some specific products** (MR Linac–Image) **there is only one supplier**, which might increase the shortage risk;
- Its **position in the value chain** is as a **medical equipment manufacturer and software provider**, that has been distinguished by its innovation and efficiency. It is also known by **customizing their products for each specific client**. The main activities of the production units are **assembly, testing and quality assurance**;

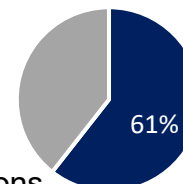
RANGE OF PRODUCTS

Solutions



Offers leading solutions in both radiotherapy treatment and oncology informatics systems.

% of revenues



Rank
% Margin

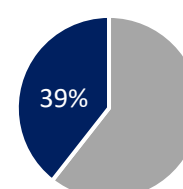
- 1) Oncology Informatics Solutions
- 2) Neuro Solutions
- 3) Brachy Solutions
- 4) Linac solutions
- 5) MR-Linac Solutions

Services



Delivers high quality aftermarket services with a global network, generating recurring revenues.

% of revenues



ELEKTA'S WORLDWIDE PRESENCE

Manufacturing Facilities

Business Offices



PIONEERS IN PRECISION RADIATION MEDICINE

First to deliver radiosurgery with **Leksell Gamma Knife**

1972

First to integrate **CBCT** and introduce **image-guided radiotherapy**

2003

First **Monte Carlo** based treatment planning system

2008

Introduction of **Agility**, the next-generation, high resolution beam shaping solution

2012

First online adaptive radiosurgery system: **Leksell Gamma Knife Icon**

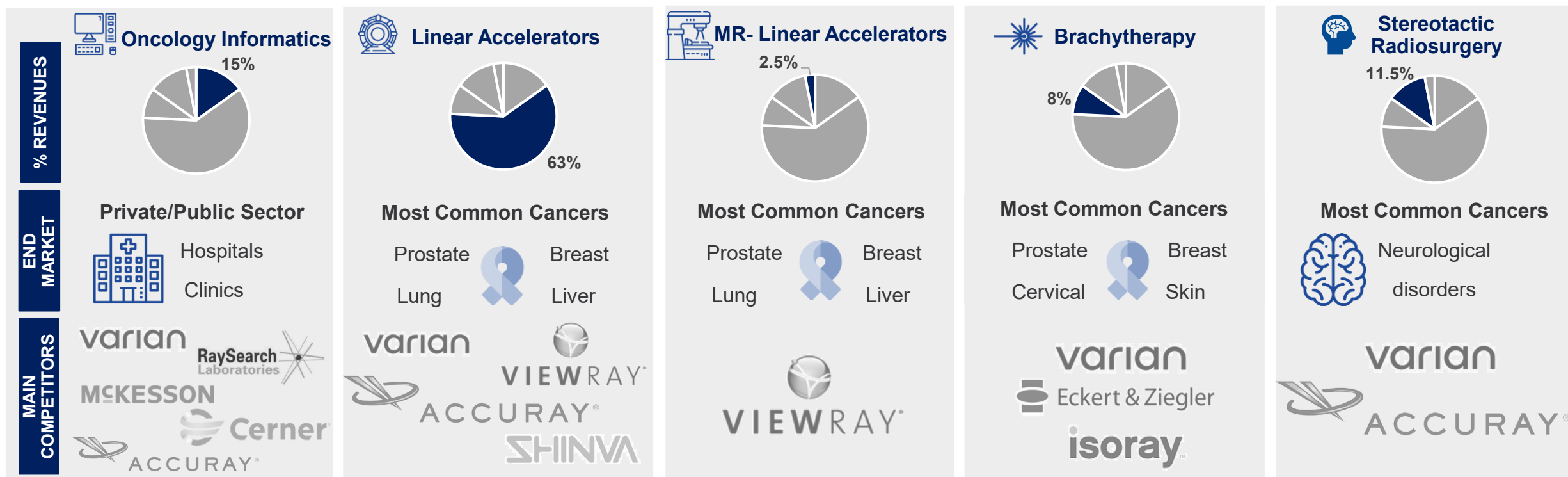
2015

First high-field MR-Linac: **Elekta Unity**

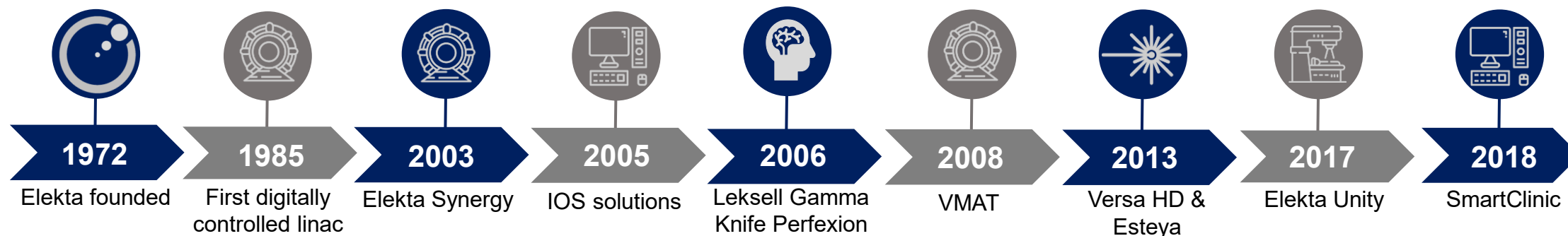
2018

Sources: Elekta's Annual Report and Website

Elekta's diversified product portfolio enables this company to thrive in the radiotherapy market



ELEKTA'S INNOVATION HISTORY



Sources: Elekta's Annual Report and Website; Investor Presentation 2018

Securing improved financial performance as well as operational excellence

PROFITABILITY DRIVERS

- **Expanding Product Portfolio** i.e Brachy Solutions and MRI Linacs gives access to more potential customers;
- **Market need for cost-efficient and digitalized cancer care** can be exploit by Elekta, since it is a key player which provides high-quality solutions and services;
- Its **Precision Radiation Medicine** - easier to use, improve patient experience, increase workflow - can lead to strong customer's relationship, increasing clients' long-term brand loyalty;
- **Gross Margin and SG&A margin improvement** by increasing the efficiency in internal processes. Elekta wants to replicate its *Harmony Solution* COGS reduction in the other innovative products already provided, in order to improve its gross margin. By sharing services and digitalization (remote assistance; remote conferences) it aims to reduce its SG&A costs (COVID also helped in reducing travel expenses);

North and South America



- Elekta's market share 21%
- Net Sales 31%
- Solutions 44%
- Services 56%

EMEA



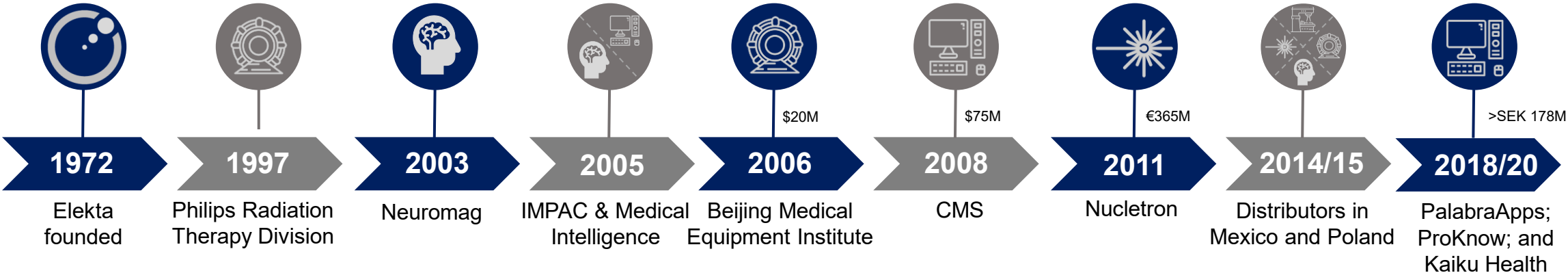
- Elekta's market share 43%
- Net Sales 38%
- Solutions 64%
- Services 36%

APAC



- Elekta's market share 40%
- Net Sales 31%
- Solutions 72%
- Services 28%

ELEKTA'S ACQUISITION HISTORY



RADIOTHERAPY MARKET AROUND THE WORLD

EMEA

- The market is steadily growing in Western Europe due to increasing capacity and renovation of equipment. Private Sector's role plays an important role, but national programs are the main responsible for funding cancer treatments, care and research;
- In Eastern Europe there is still a lack of infrastructure, but national services have been developing;
- In Middle East and Africa there is still a considerable lack of resources. However, increasing awareness of the problems of cancer, the increasing demand in the Middle East and the emergence of Turkey as a fast-growing market, make MEA a long-term attractive region.

AMERICAS

- North America market is characterized by a prominence of private providers that have consolidated their position over the years, creating a competitive environment. 60% of North American patients are treated with radiotherapy and there is increasing demand to renew existent equipment;
- In South America there is a mix of public and private sector, existing inadequate accessibility to public services;
- Nevertheless, the emergence of healthcare groups which are investing in radiotherapy clinics and a need for modernization will drive the market forward in the next years.

APAC

- China is the most important market in the Asia-Pacific region, with the government incentivizing the expansion of radiotherapy, both in capacity and renewing equipment;
- Japan has one of the biggest growth potential, as 70% of cancer patients do not receive radiotherapy. Hong-Kong, Australia, Singapore and South Korea are also mature markets with adequate levels of investment in radiotherapy;
- India also expects a long-term growth in radiotherapy demand. Currently, radiotherapy is more prominent in the private-sector, but it in the long-term the public sector will increase its investment.

GLOBAL



\$6.6 Billion
in 2019

CAGR of 7.3%
until 2029



Up to 60% of cancer patients need radiotherapy solutions. However, **around half of them are unable to access it.** The different states of development between regions are key determinants to access rates to radiotherapy solutions.



Market defined by innovative procedures that will continue to play a major role in cancer treatment.

Sources: Elekta's Annual Report and Website; Grandviewresearch

Elekta's main competitor is Varian but emergent markets dominance could offset discrepancies

5 FORCES OF PORTER

Low Moderate High

1 Competition in the industry

- Competition based on R&D investment, cost-efficiency and after-market services;
- Only Varian has an overlap with Elekta's product portfolio but there are significant number of companies which address specific segments;

2 Potential of new entrants

- High capital needs, strong and consolidated companies within the market, existence of patents and regulation complexity could strongly harm the entrance of new competitors;

3 Power of suppliers

- In general, there is a wide range of suppliers which cover raw materials and principal components needs, implying lower bargaining power;
- However, some specific materials only provided by few suppliers (Elekta's MRI) increase their power;

4 Power of customers

- Prevalence of long-term contracts allied with high customization pattern enhances the importance of negotiation. Usually, the manufacturers have to adjust the given solution in order to fulfill the customer needs;

5 Threat of substitute products

- High investment in R&D could imply short product life-cycles, however long-term contracts secure customer loyalty, thus diminishing this threat.

Elekta	✓	✓	✓	✓	✓	
varian	✓		✓	✓	✓	✓
ACCURAY®	✓		✓		✓	
Eckert & Ziegler				✓		
VIEWRAY		✓				
RaySearch Laboratories			✓			
PHILIPS			✓			

Diversification

PEER POSITIONING



Customization

MARKET COMPETITIVE DYNAMICS



Supremacy of service revenues as companies try to maximize clients' loyalty and recurrent revenues by ensuring maintenance and support services

Constant search for innovation (e.g., current pandemic enhanced the importance of remote monitoring and maintenance).



Attracting and retaining the most qualified employees

Companies must ensure that their products are reimbursed as much as possible.



Acquisitions and partnerships play a key role on differentiation and market share gains.

Pursuit of the best cost-effective solutions that could offset structural differences between countries and regions.



Papers, peer reviews and clinical data are important to attract customers

Protection of patients to maintain value creation of intellectual properties or technologies.

Elekta has a variety of compelling value creation strategies that can enhance its key player position

1 Acquisition history

- Elekta's history is highly influenced by strategic acquisitions that have allowed Elekta to widen its portfolio, differentiate its products from the competition and gain significant market share in emergent markets



2 Brand Prestige and Market Leadership

- Elekta is a key player of cancer treatment equipment distinguished by its efficiency
- The company has reached leading position in China and strong market share positions in **Americas (21%), EMEA (43%) and Asia Pacific (40%)**



3 Sizeable and Growing Market

- Optimistic radiotherapy industry growth prospects over the next 5 years, since cancer incidence is increasing all over the world, with most markets currently underserved
- Governments are willing to allocate more money in cancer care, as well as private sector



4 Strong Cash-Flow Generation

- Free Cash Flow generated by the company has been stable over the past few years
- Moreover, Cash Flow from Operating Activities has ranged in the last three years between **SEK 1000M and SEK 2400M**



Buy-and-Build

- Leverage competitive position by acquiring consolidated companies that broaden Elekta's product portfolio and are also in line the company's high standard of precision and efficiency. In line with internationalization, the acquisition of strategic distributors will play a key role in Elekta's short-term strategy. The company might also acquire start-ups that focus on software (if it is a quicker way to differentiate)



Software



Distributors



Proton Solutions

Internationalization

- **MEA and APAC** markets are currently underserved, and the trend does not favour them, since both will have the higher growths of cancer incidence (%) until 2040. This creates an **opportunity for ELEKTA to expand** and consolidate its leadership position in these regions: by taking advantage of its current brand reputation and by leveraging its geographic presence through the acquisition of an APAC distributor
- Elekta will try to consolidate its position in the remaining markets. The South American market is currently underserved, but its political and economical unstable climate are barriers to a short-term growth perspective

Accelerating Market Growth

- **MR-Linear Accelerators** are set to continue to revolutionize radiotherapy. Therefore, this market is expected to **grow 20% a year**. Elekta AB, being the major player in this segment is well positioned to capitalize on this growth. Moreover, Elekta's investment in R&D will be key to consolidate its market position, by offering customized products that are a key competitive advantage

Operational improvements

- Enhance transformation program pillars and exploit further improvement opportunities. Continue investment in R&D, reduce COGS and SG&A by leveraging on digitalization initiatives (remote services, cloud computing) and consolidate lower-cost manufacturing solutions (replicate Harmony's cost structure)

Elekta's Buy & Build targets will contribute to strengthen Elekta's position



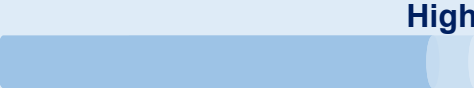

Healthcare Global Enterprises

DESCRIPTION

Founded in 1989, Healthcare Global Enterprises is **one of the largest cancer care provider in India**, having a network of over 20 cancer centers spread across India. Currently **employs almost 6,000 people**.

ACQUISITION RATIONALE

The acquisition of Healthcare Global Enterprises is a major **opportunity for Elekta's expansion in India and Africa**, as it is a key distributor in the market, since it already operates in both locations, enhancing Elekta's internationalization strategy.

Confidence Level  **High** 

FINANCIALS

EBITDA 2019	SEK 154M	Multiple Uplift 1.49x
Entry Multiple	13.14x	
Multiple post Synergies	11.64x	
Exit Multiple	13.13x	

EXPECTED OUTCOME



Sales growth (across all Elekta's product portfolio);
Strengthen competitive position in APAC and in Africa regions (more predominance in APAC).



Ion Beam Applications

IBA (Ion Beam Applications) was founded in 1986, from the Catholic University of Louvain-la-Neuve's Cyclotron Research Center (Belgium). Although its primary emphasis started to be medical imaging, **the company moved its focus to proton therapy**.

By acquiring one of the key players in the proton therapy segment, Elekta will be well positioned to **capitalize on the proton therapy market's growth and consolidate its position** as a global leader in the radiotherapy segment.

Confidence Level  **High** 

EBITDA 2020	SEK 189M	Multiple Uplift 1.21x
Entry Multiple	13.81x	
Multiple post Synergies	11.92x	
Exit Multiple	13.13x	

Sales growth (proton solutions contributing with 23%);
Expand Elekta's portfolio to cover all segments radiotherapy market;
Increase worldwide proton market share.

Micropos¹

Founded in 2003, Micropos develops medical devices for high precision 4D therapy. The company manufactures an accessory for radiation therapy machines to increase the precision and efficiency of prostate cancer treatment.

Elekta would try to expand the 4D functionalities to other types of cancers and leverage hypofractionation (more precision, treatment in less sessions), which is line with APM and Elekta's ambitions.

Confidence Level  **Medium** 

Revenues 2019	SEK 3.97M
Operational Expenses	SEK -14.68M
EBITDA 2019	SEK -10.7M

The financials compromise the success of this acquisition thus it was excluded from our forecast.

Implement this feature in Elekta's different solutions portfolio in a medium/long term perspective – apply to different cancers.

Notes: 1) Not included in Investment Case

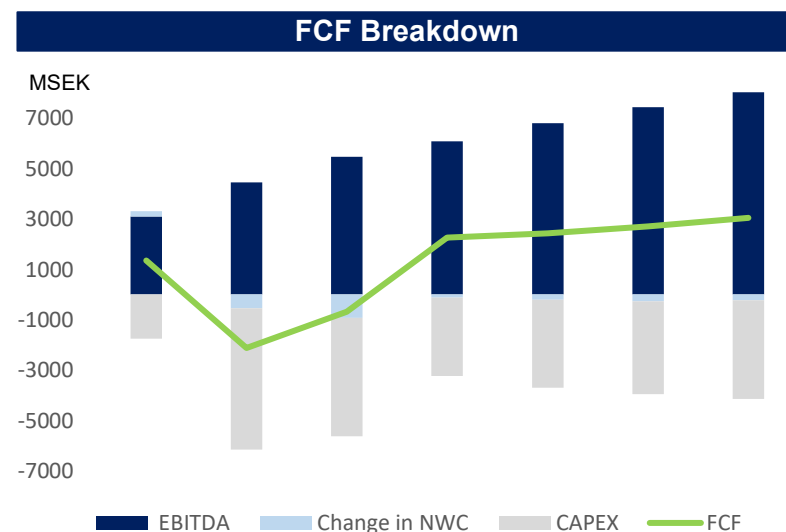
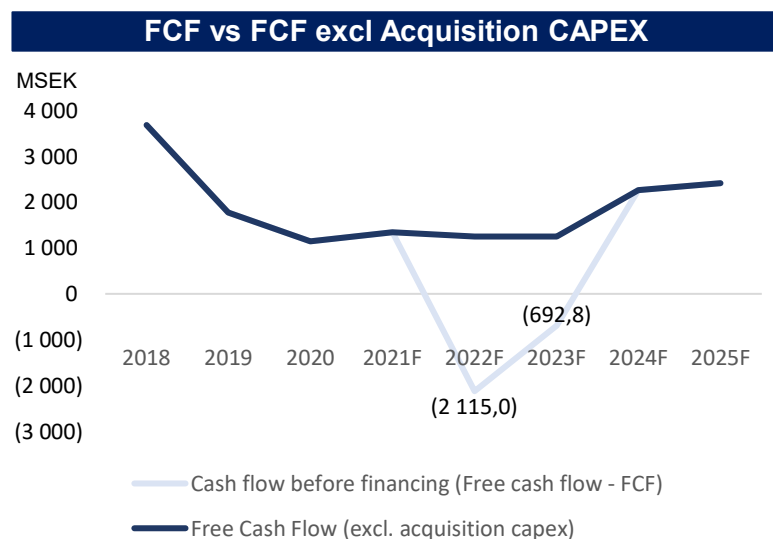
Sources: HCG, IBA and Micropos' websites, Reuters

Robust cash flow generation driven by a solid EBITDA growth

Free Cash Flow (M SEK)	2018	2019	2020	2021F	2022F	2023F	2024F	2025F	CAGR 20-25F
EBITDA	2,520	2,616	2,921	3,088	4,445	5,449	6,065	6,778	18.3%
Adjustments:									
Change in Net Working Capital	1,665	-265	-1,212	218	-542	-920	-117	-216	
Tax	-203	-197	-184	-203	-409	-514	-574	-659	
Maintenance Capex	-816	-659	-762	-1,759	-2,238	-2,764	-3,116	-3,488	
%revenues	-7.1%	-4.9%	-5.2%	-11.9%	-9.9%	-10.1%	-10.5%	-10.8%	
Acquisition Capex	-	-	-	-	-3371	-1943	-	-	
Cash flow before financing (Free cash flow - FCF)	3,166	1,495	763	1,345	(2,115)	(693)	2,258	2,415	25.9%
%Growth		(53%)	(49%)	76%	(257%)	67%	426%	7%	
FCF (excl. acquisition capex)	3,166	1,495	763	1,3445	1,256	1,250	2,258	2,415	

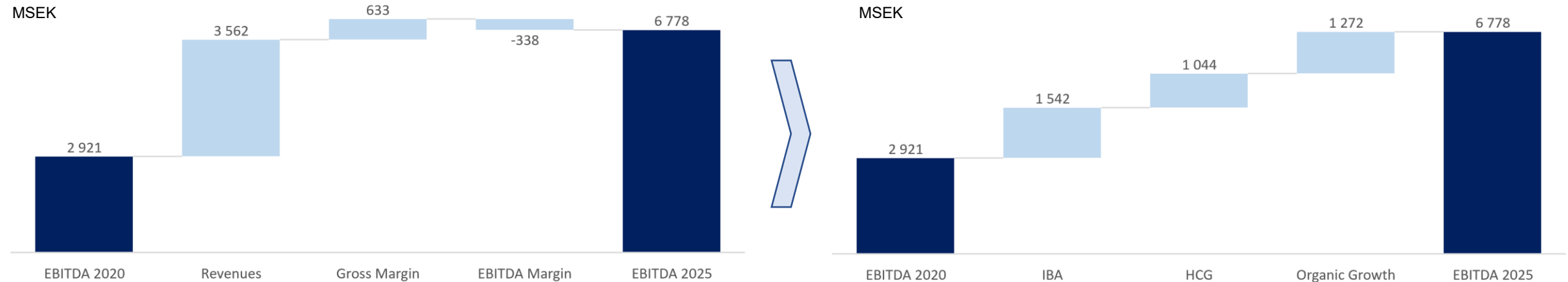
GROWTH DRIVERS

- 1 Elekta's EBITDA will increase from SEK 2,921M in 2020 to SEK 6,778M in 2025, corresponding to a CAGR of 18.3%. Its main drivers were HCG and IBA acquisitions and organic growth;
- 2 Change in NWC will be positive in 2021F mainly because of Covid-19 effects (increased average payable/collection period). From this point onwards it will come back to 2019 and 2020 values (being less variable than it used to be);
- 3 Tax includes tax shields from D&A and deductible interest expenses assuming a 24% income tax.
- 4 Maintenance Capex will range between 10-12% of revenues based on forecasted Total Fixed Assets and acquisitions of IBA and HCG.
- 5 The acquisition of IBA and HCG in 2022F and 2023F respectively, represents a considerable cash outflow of SEK 5,314M;
- 6 FCF excluding acquisition capex strengthens from 2020 to 2025 – growing at a CAGR of 25.9% and reaching SEK 2,415M at exit. In 2022F and 2023F it decreased, mainly attributable to the acquisitions of IBA and HCG and variations of change in NWC;



EBITDA will double until 2025 due to an increase of revenues and improvement of margins

EBITDA GROWTH BRIDGE



EBITDA GROWTH DRIVERS¹

Gross Profit

- The **Gross Profit can be divided into revenues growth and gross margin improvement**;
- **Revenues will increase over the investment period** from 14,601M to 32,408M due to the implementation of the value creation strategies, **leading to an impact of 3,562 in EBITDA**;
- **Gross margin will improve** from 42.6% (2020) to 44.6% (2025) due to economies of scale and the acquisition of HCG, **leading to an impact of 633M in EBITDA**.

EBITDA Margin

- The Covid-19 pandemic enhanced a **continuation of operational improvements** (digitalization, reduction of travelling) that will drive the **reduction of these costs' weights on revenues**;
- **The integration of HCG and IBA will somewhat offset these improvements**, as both companies have lower margins, compared to ELEKTA, **leading to a negative impact of EBITDA margin of 338M**.

IBA & HCG

- As the market leader of proton therapy, **IBA is expected to contribute with an additional SEK 1,542M to Elekta's EBITDA over four years**, helping Elekta consolidate its position as a leader in radiotherapy.
- The **acquisition of HCG** will help Elekta boost its revenues in all its radiotherapy solutions in APAC and some African regions. Consequently, it is projected that **Elekta's EBITDA is increased by SEK 1,044M**.

Organic Growth

- **Elekta will continue to develop and enhance all its radiotherapy solutions**, however, **MR-Linacs and OIS will have the most significant growths**, as their respective markets will increase significantly over the next years;
- As a result, **organic growth will add SEK 1,272M to Elekta's EBITDA**.

Management incentive package contains sweet equity, a bonus payment and a PSU'S plan

MANAGEMENT PACKAGE

PARTICIPATION IN SWEET EQUITY 1

Managers will be required to invest twice its total annual salary in exchange for a **15% equity stake which will be vested** accordingly with the table.

The four members of the management team will have different equity stakes (accordingly with their salaries and positions):

- Gustaf Salford will invest **SEK 30.05M** and receive **58%** of sweet equity;
- Johan Adebäck will invest **SEK 9.80M** and receive **19%** of sweet equity;
- Paul Bergström and Jonas Bolander will invest **SEK 5.88M** each and receive **11%** of sweet equity.

BONUS PAYMENT 2

In 2021, an **immediate bonus payment** will be paid to management, equal to **25% of their fixed annual salary** amount. This payment will leverage management's motivation in the current pandemic context.

	Total Remuneration	Bonus Payment
Gustaf Salford	15027	2216
Johan Adebäck	4901	875
Paul Bergström	2940	525
Jonas Bolander	2940	525
TOTAL	25809	4141

25%

PSU'S PLAN 3

A **long-term incentive based on performance-vested shares** contingent upon achieving EBITDA and Gross Profit annual levels. The promised number of shares are **in line with the additional % of sweet equity** defined on the table to the right and will be split across management considering their entry equity - **if MM is lower than 2.50x they will not be rewarded.**

1 VESTING RULES	2021E	2022E	2023E	2024E	2025E
Final Sweet Equity Stake	15.0%				
% Sweet Equity Vested per year	10%	25%	40%	80%	100%
Vested Equity Stake	1.50%	3.75%	6.00%	12.00%	15.00%
Management proceeds	74	658	1,638	4,175	6,681
Gustaf Salford	43	383	954	2431	3890
Johan Adebäck	14	125	311	793	1269
Paul Bergström	8	75	187	476	761
Jonas Bolander	8	75	187	476	761

3 PSU'S PLAN	2021E	2022E	2023E	2024E	2025E
% of sweet equity	0.50%	0.50%	0.75%	0.75%	1%

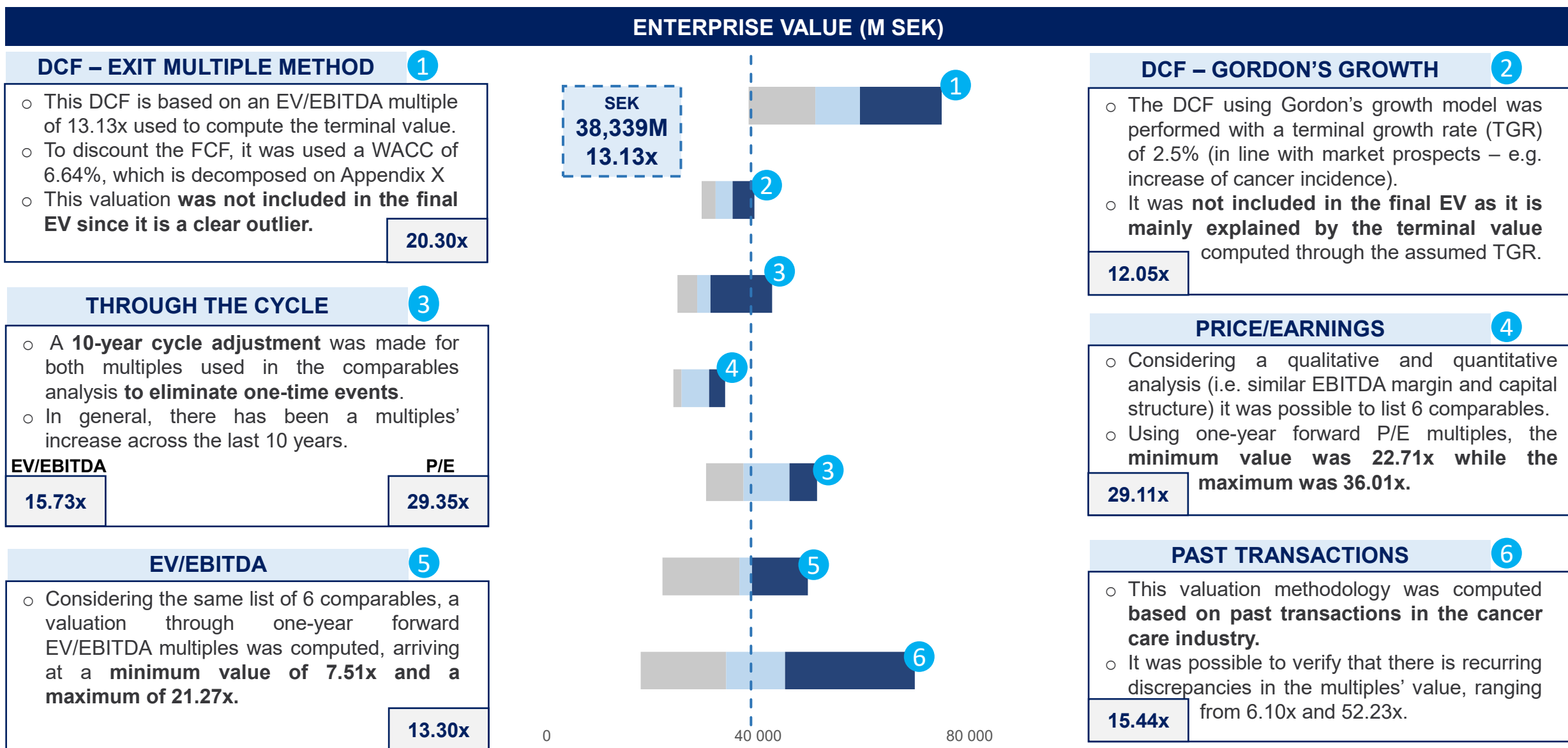
If Gross Profit and EBITDA are met at 100%

Gustaf Salford	0.27%	0.27%	0.40%	0.40%	0.54%
Johan Adebäck	0.11%	0.11%	0.16%	0.16%	0.21%
Paul Bergström	0.06%	0.06%	0.10%	0.10%	0.13%
Jonas Bolander	0.06%	0.06%	0.10%	0.10%	0.13%

If Gross Profit and EBITDA are met at 85%

Gustaf Salford	0.16%	0.16%	0.24%	0.24%	0.32%
Johan Adebäck	0.06%	0.06%	0.10%	0.10%	0.13%
Paul Bergström	0.04%	0.04%	0.06%	0.06%	0.08%
Jonas Bolander	0.04%	0.04%	0.06%	0.06%	0.08%

Considering different methodologies, an EV/EBITDA of 13.13x and an EV of SEK 38,339M was arrived



Sources of funds will be composed of 63.7% equity and 36.3% debt

SCENARIOS – CAPITAL STRUCTURE

				SCENARIOS	1	2	3	9
				Leverage	5.0x	6.0x	5.5x	4.5x
				IRR	24.00%	25.74%	24.83%	23.23%
				MM	2.93x	3.14x	3.03x	2.84x
				Cash Cover				
SCENARIOS	Term A	Term B	Term C	2021	2022	2023	2024	2025
1	1.0x	4.0x	0.0x	1.4x	1.5x	1.5x	2.1x	2.3x
2	1.0x	5.0x	0.0x	1.2x	1.4x	1.4x	1.9x	2.1x
3	1.0x	4.5x	0.0x	1.3x	1.4x	1.5x	2.0x	2.2x
9	1.0x	3.5x	0.0x	1.4x	1.6x	1.6x	2.2x	2.4x

FINAL RATIONALE

Sources and Uses of Funds:

Sources of Funds

- They are distributed between Debt (5x EBITDA – 14,605M) and Equity (8.8x EBITDA – 25,651 M);
- Total Debt is allocated among two tranches (A and B) - Term A amortized senior Debt of 2,921M – 1x EBITDA and Term B bullet payment senior Debt of 11,684M – 4x EBITDA.
- Equity is divided in FRI (25,307M – 8.7x EBITDA) and Ordinary Equity (344M – 0.1x EBITDA).

Uses of Funds

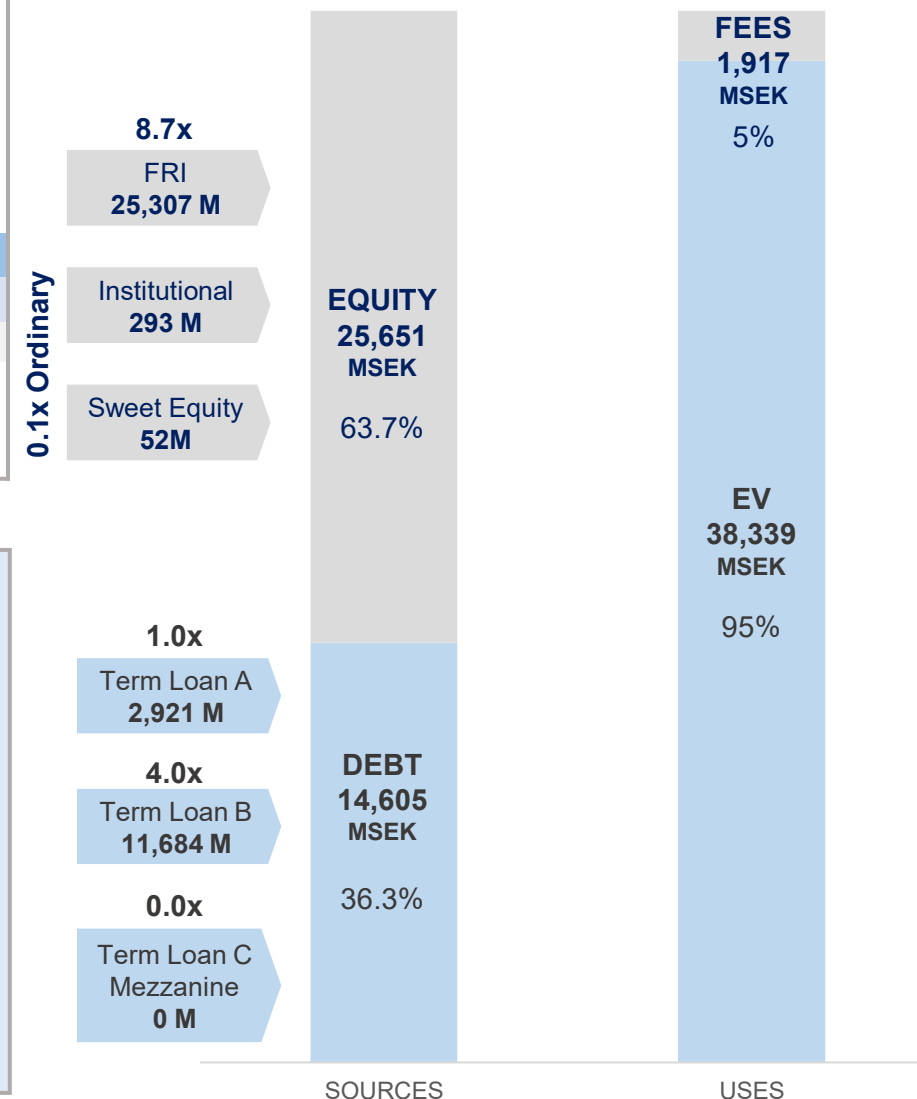
- Total Uses of funds corresponds to SEK 40,256M, distributed into EV (38,339M – 95%) and Fees (1,917M – 5%);

Scenarios – Capital Structure:

- Scenario 1 was chosen in favor of number 2 and 3, as it constitutes a more conservative approach (better Cash Cover, Interest Coverage and Debt/EBITDA), without compromising the minimum threshold of the investor's returns. In comparison with scenario 9, scenario 1 was chosen because it presents better returns for investors.

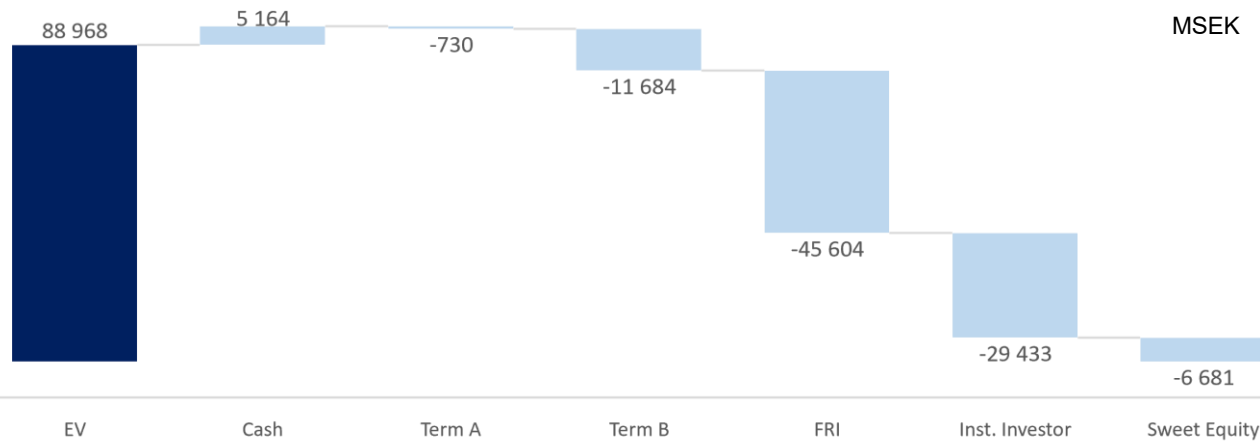
Notes: 1) Including cash overfunding – used on acquisitions

SOURCES & USES OF FUNDS¹



The fund's investors will have a return of 3.14x, corresponding to an IRR of 25.7%

EXIT WATERFALL BRIDGE



In 2025, a combined value (EV + Cash) of **SEK 94,132M** will be **distributed** into **debt repayments, investors and managers**. At exit, **debt value** will be **SEK 12,414M**, since it is still left to **repay SEK 730M of Term Loan A** (amortized over 6 years) and the **total of Term Loan B** (because it is amortized only at year seven).

Returns	2021F	2022F	2023F	2024F	2025F
Management Exit Proceeds	74	658	1,638	4,175	6,681
Management Entry Equity	52	52	52	52	52
Management Returns	1.4x	12.7x	31.7x	80.9x	129.4x
IRR	164.5%				
Returns Institutional Investor	32,491	45,842	56,384	65,139	75,037
Institutional Investor Equity	25,599	25,599	25,599	25,599	25,599
Institutional Returns	1.27x	1.79x	2.20x	2.54x	2.93x
IRR	24.0%				

In 2025, **management** receives **proceeds** of **SEK 6,681M**, corresponding to a **MM of 129.4x** and an **IRR of 164.5%** (PSU Plan included); **Institutional investors** receive, in the exit year (2025), **SEK 75,037M**, which translates in a return of **2.93x (MM)** and an **IRR of 24.0%**

CREDIT STATISTICS

Summary Credit Stats	2021F	2022F	2023F	2024F	2025F
Cash Cover	1.4x	1.5x	1.5x	2.1x	2.3x
Cash Covenant	1.0x	1.0x	1.0x	1.0x	1.0x
Interest Cover	7.2x	10.3x	11.9x	13.5x	16.5x
Interest Covenant	6.4x	7.5x	8.7x	9.4x	10.8x
Debt / EBITDA	4.6x	3.1x	2.5x	2.1x	1.8x
Leverage Covenant	5.1x	4.5x	3.8x	3.4x	3.0x

The presented credit statistics imply that **all covenants will be respected (computed via conservative bank case)** under the predicted investment case scenario. Specifically, **Cash Cover (excluding acquisitions)** and **Interest Cover** will start with 1.4x and 7.2x multiple, respectively, and will increase over the investment period as the firm is more capable of paying debt obligations. **Debt/EBITDA will start at 4.6x in 2021** and will decrease to 1.8x at the year of exit due to Term Loan A amortization and EBITDA increase. The cash amount was excluded from this analysis since its value is abnormal due to overfunding.

A secondary sale is the privileged exit solution following market tendency

SECONDARY SALE

It has become more frequent following the PE sector increasing trend. The **Exit Value of Healthcare PE industry increased** in 2019 to \$40.8B, compared with \$31.6B in 2018, moreover, **secondary sale** transactions represented **53% in 2019**;

↑ **ELEKTA** is an **attractive buyout target** – healthy CF and room to become the market leader of radiotherapy industry (high growth potential);

↑ **Industry's strong returns** allied and **resilience** at any stage of the economic cycle. In addition, this strategy is **faster than the alternatives**;

↓ **Increasing interest from strategic buyers** lead to **higher entry valuations** which are **unattractive** to potential PE buyouts;

STRATEGIC SALE

A strategic sale implies that **another major player buys Elekta, gaining a competitive advantage**;

↑ Because **such acquisition would bring benefits for the acquirer** (i.e., synergies), it is likely that the **transaction value would include a premium**, increasing the returns for the fund;

↓ The feasibility of this option is highly dependent on finding a suitable target acquirer. In this particular case, because Elekta AB is one of the biggest players in radiotherapy, a **target buyer would probably have to come from another sector closely related to radiotherapy**;

↓ Moreover, a strategic sale is **usually slower** than a secondary sale. Furthermore, strategic sales are **losing popularity in this sector**, having decreased from 40% to 33% in 2018.

IPO

In the last years, PE exit through IPO's in healthcare industry were mainly linked to biopharma smaller-stage companies.

↑ **Access to capital markets**, increasing significantly the number of potential buyers comparing with the other exit solutions.

↓ **More expensive process** – High transaction costs (e.g. underwriter fees are the largest)

↓ **Dependent on market conditions and specific timings** that could harm fund's exit and returns.

↓ Typically, the **fund is not able to sell all its equity position**, thus increasing the overall risk of the exit (i.e. subject to post-IPO market reaction and loss of control)

BUYERS



Sources: Bain & Company Report "Healthcare Exits"

INDIVIDUAL SECTION

Proton therapy is set to revolutionize radiotherapy in the next few years

PROTON SOLUTIONS vs. TRADITIONAL RADIOTHERAPY

X-RAY BEAMS

- Radiotherapy's origins can be traced back to the final years of the XIX century, when Wilhelm Rontgen discovered the X-rays. Soon after, it was found that **X-rays could be used to fight certain diseases**, as they are able to **destroy [infected] tissues**;
- Radiotherapy has evolved significantly since then. **One of the most important steps was the development of linear accelerators**: These machines enable the **projection of external x-ray beams to the tumors with high-precision**;
- However, some radiotherapy treatments use internal sources of radiotherapy (ex: brachytherapy), where the radiation comes from a medical equipment that is inserted inside the body, near the tumor;
- Even though radiotherapy has come a long way, one cannot forget that **as x-rays are used to destroy cancerous cells, it is almost impossible to avoid damaging tissue**.

PROTON BEAMS

- As survival rates from cancer have been increasing significantly, **new concerns have been raised about side-effects of treatments and the quality of life** that survivors can expect;
- These concerns have not only resulted in optimizing palliative cares, but also in looking for not so invasiveness treatments. Proton therapy solutions belong to the latter category;
- Like many traditional radiotherapy treatments, **proton solutions use external beams**. The difference comes from the nature of protons and how they travel to the infected tissue;
- By using a synchrotron, protons are accelerated, generating high levels of energy that make the protons travel to the tumor, destroying it like X-ray beams does. **The main difference is that protons do not travel further than the target, not damaging healthy tissue. This is not the case for x-ray beams.**

PROTON THERAPY KEY FACTS

END MARKET



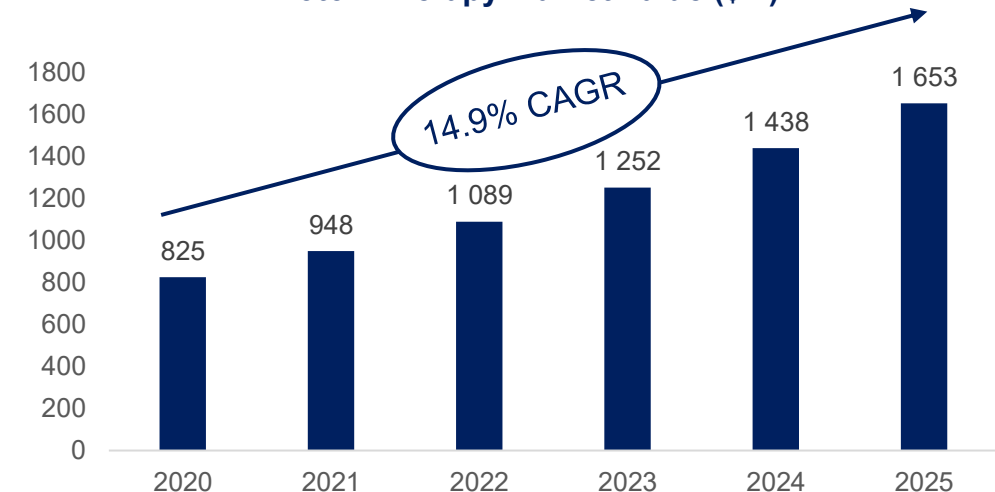
MAIN DRIVERS

- Reduce side effects;
- Increase precision;
- Reduce expending on palliative cares;
- Increase survival rates on certain types of tumor.

KEY PLAYERS






Proton Therapy Market Value (\$M)



Sources: CancerresearchUK; Cancernet

Elekta's Buy & Build strategy is the key determinant for Elekta's and other strategies success

CURRENT SITUATION		FUTURE STRATEGY	
	<ul style="list-style-type: none"> In line with the market characteristics, Elekta sets essential focus on R&D and its acquisition strategy. By acquiring companies, usually start-ups, the company ensures a quicker way to differentiate from its competitors; Recent acquisition of PalabraApps, SmartClinic and Kaiku Health strengthens Elekta's digitalization portfolio; 15% of net sales is done through distributors. Elekta has companies in 40 countries and sells in 220 countries. In countries with distributors, the distributors are usually getting the service contracts; Optimism in the proton solutions' market creates room for a potential acquisition in this segment. 	RATIONALE	<ul style="list-style-type: none"> With cancer incidence rates growing, with structural differences between regions and countries increasing and with the current pandemic outbreak, the importance of digitalization has been enhanced, implying that remote services and monitoring should lead the way on innovations; In line with past acquisitions of distributors, Elekta must ensure close relationships and increase its credibility in the different regions where the company sells. After laying pillars in a specific region (i.e. increase the number of Linacs used in those regions to around 35-40) a strategic acquisition of a distributor could be efficient to increase margins; Potential of proton solutions' market, in terms of benefits and efficiency for cancer treatment, could be seized by Elekta by acquiring a promising company in this specific market.
	<div>ACQUIRED DISTRIBUTORS IN:</div> <div>  Poland  Mexico  Turkey </div> <div>RECENT SOFTWARE COMPANIES ACQUIRED:</div> <div> SmartClinic KaikuHealth PalabraApps </div> <div>EXPECTED GROWTH FOR PROTON SOLUTIONS' MARKET:</div> <div> 14.9% CAGR 2020 - 2030 </div>	GOALS	<ul style="list-style-type: none"> ✓ Increase the weight of the inorganic contribution to the revenues between 2020 and 2025; ✓ Reinforce internationalization' objectives through acquisition of strategic distributors in APAC region; ✓ Incorporate new solutions, software functionalities or services that could increase its competitive position in the radiotherapy market.
		IMPLEMENTATION	<div>  Acquisition of IBA – Ion Beam Application (Proton key player) in 2022 </div> <div>  Acquisition of Healthcare Global Enterprise (Distributor in India) in 2023 </div> <p>Both acquisitions will be paid full in cash, considering the substantial cash balance</p>
			<div>EXPECTED OUTCOME</div> <ul style="list-style-type: none"> Achieve an inorganic contribution for revenue of 18% between 2021-2025; Become a major player in the proton therapy market – acquisition of IBA; Reach more than SEK 4,000M of proton revenues by 2025, through IBA; Reach more than SEK 1,850M revenues by 2025, through HCG.

Healthcare Global Enterprises is a major care provider in India, owning 20 cancer centers

COMPANY OVERVIEW

DESCRIPTION

- Founded in 1989, Healthcare Global Enterprises is one of the largest cancer care provider in India, having a network of over 20 cancer centers spread across India. Currently employs almost 6,000 people;
- The company also operates in fertility treatments, providing reproductive medicine services, under brand Milann, with a network of 8 fertility centers;
- The company has end to end capabilities in precision medicine under brand Strand;
- Recently expanded its operations to Africa, through an acquisition of CCK;

PRODUCT PORTFOLIO



ACQUISITION RATIONALE

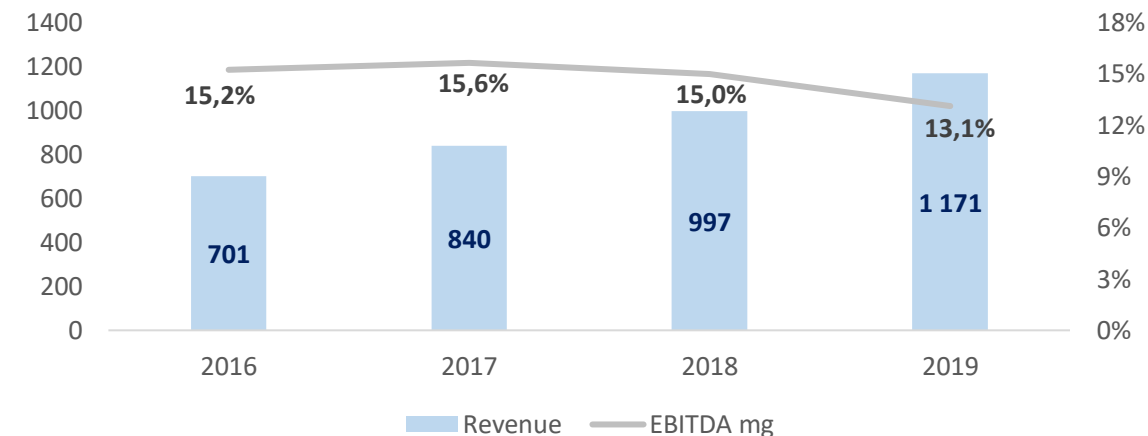
- The acquisition of Healthcare Global Enterprises represents a major opportunity for Elekta's expansion in India and Africa, this cancer care distributor is a key player in the market, since it already operates in both locations and has valuable markets insights that Elekta can benefit from;
- Elekta signed a licensing agreement with HCG (Elekta will install Linacs, MR-Linac and also its OIS solutions - MOSAIQ and Monaco), meaning that it is already building a relationship with this player. Moreover, when a country gets to 35-40 Linacs, Elekta tends to acquire its regional distributor.

GEOGRAPHICAL PRESENCE



FINANCIAL ANALYSIS

Revenues (M SEK) and EBITDA Margin (%)



Sources: HCG's Annual Report and website; Reuters; Interview with Investor relations

IBA is one of the key providers of proton therapy solutions

COMPANY OVERVIEW

DESCRIPTION

- IBA (Ion Beam Applications) was founded in 1986, as a result of a spin-off from the Catholic University of Louvain-la-Neuve's Cyclotron Research Center (Belgium);
- Although its primary emphasis started to be medical imaging, the company soon moved its focus to radiotherapy and proton therapy;
- In the following years, IBA has become a major player in the field, through the development of innovative solutions and the acquisition of other companies;
- In 2016, 50,000 people have been treated with IBA's proton solutions.

PRODUCT PORTFOLIO

- **Proton Therapy** – IBA manufactures and sells proton solutions to both hospitals and clinics to treat many kinds of oncologic diseases.
- **Dosimetry & Quality Assurance** – This department is responsible for the development of software and equipment maintenance, which assures that solutions keep up with the standards of high precision medicine;
- **Radiopharma Solutions** – IBA manufactures and sells nuclear medicine solutions for medical diagnosis;
- **Industrial Solutions** - IBA also designs solutions for sterilization of medical devices, cargo screening and other industrial applications.

ACQUISITION RATIONALE

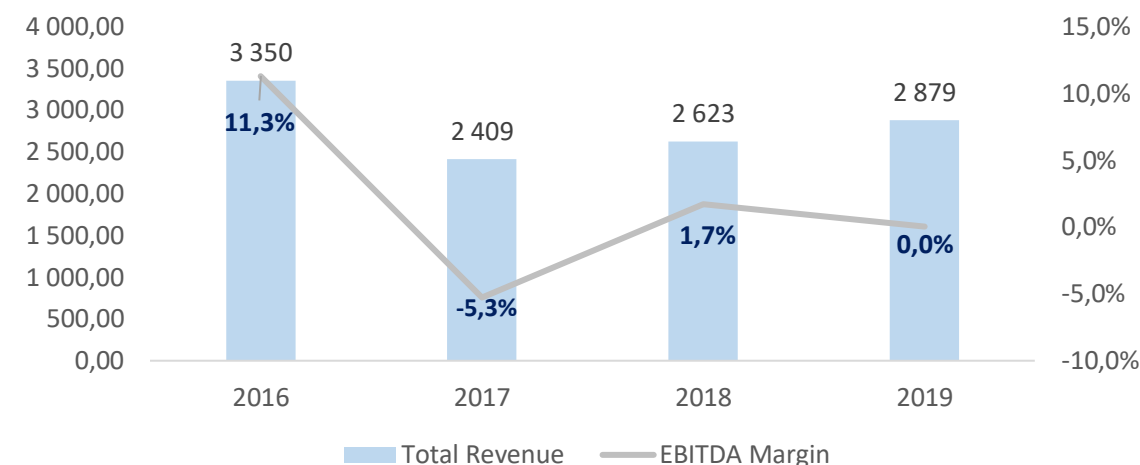
- Elekta might replicate its brachytherapy market entry approach by acquiring a consolidated key player in the proton therapy market – IBA – the market leader in proton therapy;
- It has a higher market value than brachytherapy, MR-linear accelerator and stereotactic radiosurgery, being its CAGR of 15% until 2030;
- Furthermore, in 2017, IBA and Elekta agreed to work jointly in the development of OIS and in the sales and marketing of both companies.

GEOGRAPHICAL PRESENCE



FINANCIAL ANALYSIS

Revenues (M SEK) and EBITDA margin (%)



Sources: IBA's Website



PRE-SYNERGIES Income Stat. M (SEK)		2019	2020	2021F	2022F	2023F	2024F	2025F
1	Total Revenue	2,879	2,699	3,034	3,074	3,156	3,481	3,831
	Proton Therapy	1,613	1,575	1,860	1,800	1,800	2,100	2,400
	Other Accelerators (radio-diagnosis)	717	574	574	574	631	631	631
	Dosimetry	548	550	600	700	725	750	800
2	Gross Profit	949	945	1,092	1,122	1,168	1,296	1,426
	%Revenues	33.0%	35.0%	36.0%	36.5%	37.0%	37.2%	37.2%
	SG&A (incl. D&A)	-630	-580	-615	-624	-640	-706	-777
	%Revenues	21.9%	21.5%	20.3%	20.3%	20.3%	20.3%	20.3%
	R&D (incl. D&A)	-316	-296	-333	-338	-347	-382	-421
	% Revenues	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
	Cancelling D&A	131	107	113	107	102	104	105
	Other Operating Income (Expense)	55	-13	-15	-30	-31	-34	-38
3	Normalized EBITDA	189	162	241	237	251	276	294
	EBITDA Margin	5.6%	6.0%	8.0%	7.7%	8.0%	7.9%	7.7%

POST-SYNERGIES Income Stat. M (SEK)		2019	2020	2021F	2022F	2023F	2024F	2025F
1	Total Revenue	2,879	2,699	3,034	3,074	3,302	3,887	4,144
	Proton Therapy	1,613	1,575	1,860	1,800	2,100	2,700	3,000
	Other Accelerators (radio-diagnosis)	717	430	574	574	401	287	143
	Dosimetry	548	550	600	700	800	900	1,000
2	Gross Profit	949	945	1,092	1,137	1,238	1,466	1,563
	%Renevues	33.0%	35.0%	36.0%	37.0%	37.5%	37.7%	37.7%
	SG&A (incl. D&A)	-630	-580	-615	-605	-610	-684	-704
	%Revenues	21.9%	21.5%	20.3%	19.7%	18.5%	17.6%	17.0%
	R&D (incl. D&A)	-316	-296	-333	-338	-363	-427	-455
	% Revenues	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
	Cancelling D&A	131	107	113	104	105	112	111
	Other Operating Income (Expense)	55	-13	-15	-23	-24	-29	-31
3	Normalized EBITDA	189	162	241	275	345	438	484
	EBITDA Margin	0.0%	6.0%	8.0%	9.0%	10.5%	11.3%	11.7%

Synergy drivers

1 IBA has three main revenues' segments: proton therapy, other accelerators (nuclear medicine diagnosis solutions) and dosimetry (OIS and maintenance). The first two segments have been, to some degree, erratic, with dosimetry being the most constant. This being said, it would be expected dosimetry to have its revenues doubled and proton therapy and other accelerators to increase at a lower rate. Yet, with Elekta's acquisition of IBA, the "Other Accelerators" segment will be discontinued. As the investment in proton therapy will be more significant, the revenues breakdown will change, resulting in slightly higher revenues for IBA;

2 IBA's gross margin will improve slightly, as the "Other Accelerators" have lower margins;

3 SG&A would be projected to stabilize at 20.3% of revenues. However, some processes will be made jointly (i.e. a same person can sell proton solutions and Linacs). Consequently, it can decrease to 17%. Therefore, EBITDA margin can go up to 11.7%, generating SEK 580M in synergies over four years.

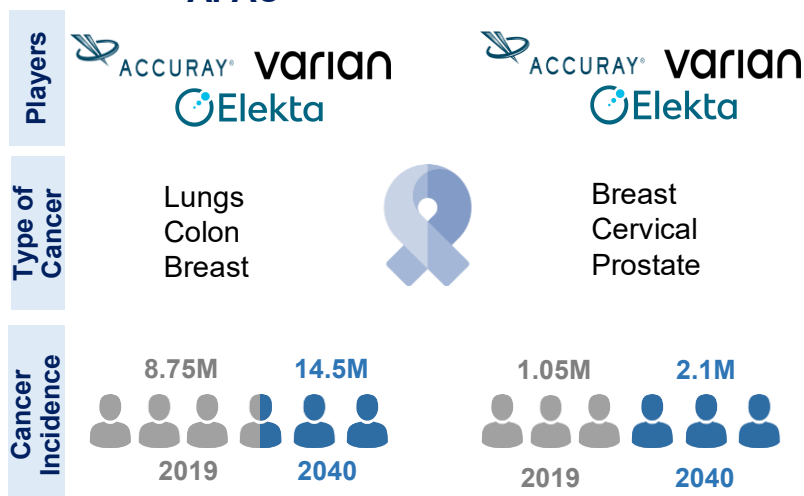
Emergent markets in APAC and replacement needs in Americas and EMEA will drive Elekta's strategy

CURRENT SITUATION

- Elekta's revenues are similar across regions;
- MEA and APAC markets are currently underserved: higher cancer incidence in these regions allied with few therapy equipment availability leads to a global shortage of Linacs of 10,000 units (e.g. China alone is estimated to have a shortfall of over 5,000 systems);
- There is room to grow, even though ELEKTA has a solid market share in EMEA and APAC - above 40% in both regions. ELEKTA might consolidate its position in Europe and Americas, while expanding its business operations in APAC and MEA regions.

APAC

MEA



Sources: Elekta, Varian & Accuray Reports; Cancer Tomorrow website

FUTURE STRATEGY

RATIONALE

- **APAC expansion:** this region will have 50% of worldwide cancer cases in 2040. Its solid market share will enable Elekta to benefit from its current leadership reputation in future deals. Moreover, the cancer healthcare system is expected to grow in large countries, like China and India which have recently approved Elekta's products commercialization. HCG acquisition (Indian distributor) will reinforce APAC's importance as a strategic region to be explored in nearby future;
- **MEA expansion:** cancer incidence will grow 50% up until 2040. HCG (Indian distributor) already has distribution partnerships in Africa which enables Elekta to explore this underserved market in the nearby future. In Africa, Elekta will bet on brachytherapy in the short-term (cervical cancer).



GOALS

- ✓ Increase global geographic presence;
- ✓ Increase APAC net sales performance in order to become the region that contributes the most to Elekta's revenues in the short-term, in line with the Buy and Build strategy – distributor acquisition
- ✓ Consolidate Elekta's position as a leading manufacturer of radiotherapy equipment APAC markets;
- ✓ Increase total revenues from both solutions and services across all continents;



IMPLEMENTATION

- Set long-term contracts with APAC distributors, hospitals and clinics to establish strong relationships (aftermarket services will have a key role);
- Continuing to close deals and make more partnerships with governments (ex: China, India) to obtain (operating) licensing agreements and outline investment measures in healthcare.

EXPECTED OUTCOME

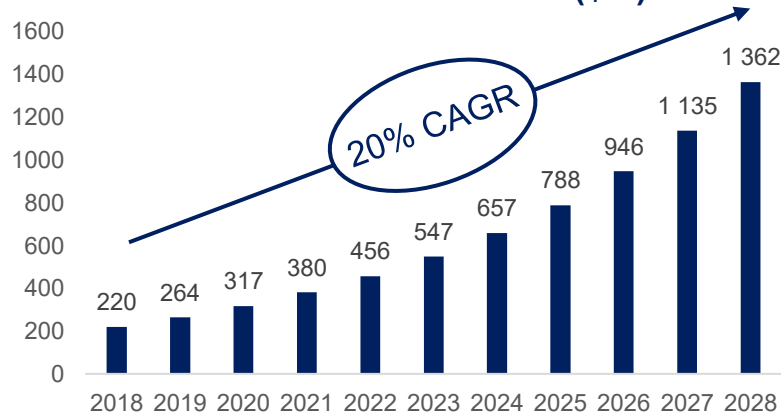
- Reach the revenues' split (geographically) of 30% in Americas; 33% in EMEA; and 37% in APAC;
- Increase geographical presence, brand awareness and reputation among all continents;
- Increase total number of solutions manufactured among all segments to more than 9,000.

The increasing demand for MR-Linacs will meaningfully shape the radiotherapy market

CURRENT SITUATION

- The MR-Linac market was valued at 220 million dollars in 2018 and it is estimated that it can grow at an average of 20% a year until 2028, reaching 1,362 billion dollars in that same year;
- Elekta is the main producer of MR-Linacs - *Elekta Unity* - which is considerable better than the product offered by ViewRay, especially in terms of imaging;
- In December 2019, Elekta has reached an agreement with ViewRay (second key player) in which the company bought 9.9% of ViewRay's shares of common stock;
- In line with this agreement, a collaboration, focused on promoting MR Linac's technology and its benefits for the clinicians and patients, was made. With this partnership, Elekta will strength its position.

MR-Linacs market value (\$M)



Sources: Elekta's press release

FUTURE STRATEGY

RATIONALE

- With this agreement, ViewRay will not be a major competitor of Elekta, but an ally. As both firms have the *know-how*, there will be less competition in this stage and more entry barriers to potential newcomers. This will make it easier for Elekta to succeed in this new market segment.
- In addition, by investing in ViewRay, Elekta ensures that both pioneers of MR Guided Radiation Therapy will continue exploiting the market potential, thus driving the paradigm shift forward, as Elekta's previous CEO believed that MR-Linacs are set to be a major technology in radiotherapy;
- For these reasons, Elekta is **well positioned to capitalize the most on this growth.**



GOALS

- ✓ Promote MR-Linacs as the future of precision in radiotherapy medicine;
- ✓ Increase the number of MR-Linacs produced, spreading the fixed cost base over a larger number of produced units, increasing the profit margin;
- ✓ Continue to work on its brand reputation as a market leader / quality provider of radiotherapy solutions;
- ✓ Increase its market share position in the MR-Linacs market;
- ✓ Increase its revenues from aftermarket services related to the MR-Linacs.



IMPLEMENTATION

- Increase available production capacity of MR-Linacs;
- Prepare distribution channels to cope with the increasing demand;
- Continue joint investigation and collaboration with ViewRay in order to achieve a higher cost efficiency (MR-Linac) and to promote this innovative radiotherapy solution.

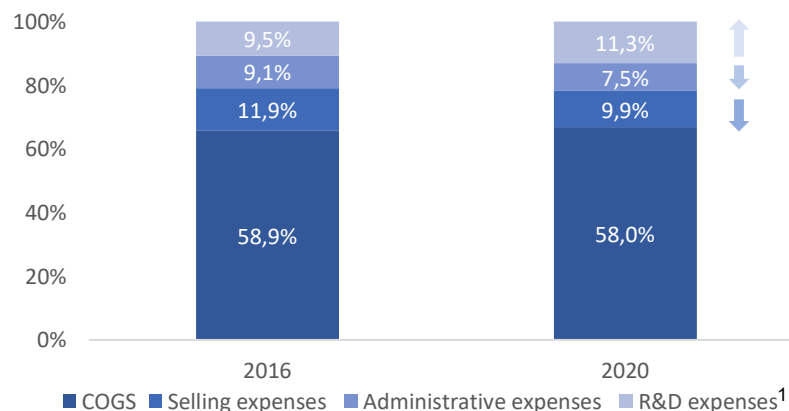
EXPECTED OUTCOME

- Increase MR-LINAC's weight of total net revenues to 7%;
- Produce and sell around 200 MR-LINAC's until 2025;
- Improve market's perception of the high-quality of Elekta's products portfolio.

Operational improvements can create key competitive advantages for Elekta

CURRENT SITUATION

- From 2015 (transformation program) the company focus was to improve its internal operations and strengthen its margins;
- Its main objectives were the availability to save costs (COGS, SG&A), continuing to invest high in R&D, M&A synergies acquisitions that would bring value to the company;
- Digitalization of the company enabled Elekta to share services internally, to increase the importance of remote services (aftermarket) and to reduce travel expenses;
- Elekta was able to increase its EBITDA margin. Its Gross margin remained flattish.



Notes: 1) SG&A and R&D expenses include D&A

FUTURE STRATEGY

RATIONALE

- The 2015 transformation program resulted in a more optimized structure, contributing to Elekta's competitiveness. Consequently, further restructuring plans will be faced with much more confidence and enthusiasm. The board will also be more optimistic about implementing measures such as: remote assistance, remote-working – driven by Covid-19;
- Employees have been already embracing these changes positively and will continue to do so;
- Elekta has very recently launched a new solution – Elekta Harmony – with significant less costs than other solutions. Elekta Harmony's optimized gross margin makes the company optimistic about further manufacturing developments that can improve existent solutions' margins.



GOALS

- ✓ Increase gross margin;
- ✓ Increase EBITDA margin;
- ✓ Consolidate lower-cost manufacturing solutions, such as the Elekta Harmony, without compromising precision and efficiency;
- ✓ Reduce the weight of other operating costs such as SG&A.



IMPLEMENTATION

- Replicate Harmony's cost structure (in terms of production) into existent solutions;
- Set training programs to increase workflows and facilitate restructuring of operations;
- Set further digitalization processes (remote assistance and working);
- Streamline operations in SG&A (multi-functions departments; enhance digitalization of work).

EXPECTED OUTCOME

- Total gross margin of 44.6% driven by economies of scale in MR-Linac and replication of Elekta's Harmony cost structure in Linac solutions;
- EBITDA margin of 21% driven by reduction of selling expenses' weights to 8%;
- Increase EBIT by more than 2.3x also driven by increase of revenues by 2.2x;

Gratitude for having worked with this group in an increasing healthcare PE market

MASTER THESIS

I embraced this thesis with the main objectives of deepening my knowledge in Private Equity and taking advantage of the know-how of my 2 excellent partners, Henrique and Gonalo, to consolidate ideas, create new perspectives and develop my communication and attitude when working as a team. These challenges became more complicated since, for extraordinary reasons, I had to join a part-time at Primark (5 hours a day) during the months of September, October and November. However, with the precious help of Henrique and Gonalo we managed to face this situation and I couldn't be more grateful for the continuous understanding and adaptability that the group had. My attitude was always to contribute the best/most as possible and I believe we have managed to find a balance that has resulted in a work for which we are all proud and excited to present. The company we chose, Elekta, increased the complexity of this thesis. The radiotherapy market is highly regulated and perhaps that is why access to information is limited or dependent on substantial payments. Thus, it was a constant challenge, also considering our background (outside science), to interpret trends and address Elekta's limitations (strategically and financially). Despite all these limitations, the feelings are of duty fulfilled and gratitude for having worked with this group, and undoubtedly, my doors will be open for any opportunities in this exciting area of Finance and in the healthcare sector.

PRIVATE EQUITY – IMPACT OF COVID-19 IN PE DEALS ON HEALTHCARE SECTOR

In 2019, there were **313 PE deals linked to the healthcare sector**, totaling \$78.9 billion in disclosed value and it was possible to verify that the **deal size has been increasing** over the last years, since 27 of those 313 deals were greater than \$1 billion compared with 18 such deals in 2018. However, as in all industries, **the covid-19 pandemic influenced the overall PE market**. The **complexity of the due diligence increased** (time extension of the pandemic and the underlying impact on the business model), there were more **limitations in accessing debt financing** and consequently the **number of delays in negotiations increased**. Nonetheless, specifically **in the healthcare sector, there was a clear rebound in many sectors since July** with many investors pursuing attractive acquisition opportunities. In my perspective, the **resilience of this sector** during the pandemic is explained mainly by the following factors:



The pandemic had a positive impact on healthcare digitalization, as companies were forced to progress faster solutions such as telemedicine and remote services;



Aging and increasing population, magnifies growing incidence of chronic diseases (e.g. cancer) thus increasing the importance of creating efficient treatments;



In past recession, the healthcare sector showed resilience thus LP's considered it to be an attractive opportunity to allocate the high amount of dry-powder underlying the PE market.

Concluding, the **healthcare PE activity should keep the increasing trend** with AI, machine learning and Big Data as main growth drivers and more specifically, in the radiotherapy market, investors should be highly focused in the Alternative Payment Model (US new reimbursement method that is being tested) as it could revolutionize the overall reimbursement scope - instead of receiving reimbursement based on a fee for each service provided, the payment will be determined by the patient's diagnosis and include all radiation oncology services provided within a 90-day period, forcing clinics to use **Hyperfractionation** as they don't get advantage from getting more sessions.

Websites lead the path on finding information about ELEKTA / Radiotherapy Market

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